

**CITY OF SEAFORD**  
**AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**CITY OF SEAFORD  
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FOR THE YEAR ENDED JUNE 30, 2006**

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

City of Seaford  
414 High Street  
Seaford, Delaware

We have performed the procedures enumerated below, which were agreed to by City of Seaford and the State of Delaware's Office of the Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer, solely to assist you with respect to determining the City's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2006 on Page 3. The City of Seaford's Management is responsible for compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards* (2003) issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants that have been incorporated by *Government Auditing Standards* (2003). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Document understanding of cash disbursement internal control structure over Municipal Street Aid grant funds from discussion with management and report internal control weaknesses.

During completion of the program checklist, no internal control weaknesses over the Municipal Street Aid grant funds were noted.

2. Complete the State of Delaware Auditor of Accounts municipal grants agreed-upon procedure program to determine the City's compliance with applicable laws, regulations and financial reports related to municipal grant funds received during the year ended June 30, 2006. Detail any instances of noncompliance.

**FINDING NO. 06-1** - During completion of the City of Seaford's program checklist for the Municipal Street Aid grant, it was noted that the City obtained bids for two disbursements tested. However, the public advertisements for bids were only published once by the City, not once a week in two separate weeks as required by State regulations [29 Del. C. §6923(b) and 30 Del. C. §5165(b)(3)]. Failure to comply with applicable laws and regulations could result in the loss of grant funding.

**RECOMMENDATION** - The City should implement controls to ensure compliance with the applicable laws and regulations regarding procurement with State of Delaware funds.

**CITY'S PLAN FOR CORRECTIVE ACTION:**

*"The City has notified the appropriate personnel of the bid advertising requirement. All future jobs required to be bid will be advertised in 2 separate weeks."*

FINDING NO. 06-2 - During completion of the City of Seaford's program checklist for the Police Pension grant, it was noted that the City did not submit to the State Board of Pension Trustees by April 1 a listing of retired police officers receiving benefits from the City as of December 31 of the preceding year, excluding those receiving benefits from the State of Delaware County and Municipal Police Pension Plan, as required by the Delaware Code [18 Del. C. §709(b)]. The State Board of Pension Trustees has not requested this information from the City or provided a format for the City to submit this information to them. Failure to comply could result in the loss of grant funding.

RECOMMENDATION - The City should provide mandated information regarding retired police officers receiving benefits to the State Board of Pension Trustees by April 1 of each year.

CITY'S PLAN FOR CORRECTIVE ACTION:

*"The State Board of Pension Trustees did not request the information noted in the finding on the current year police pension grant application. The City was unaware of the requirement to submit this information to the State Board of Pension Trustees. The City will provide information requested by the State of Delaware."*

3. Note all situations or transactions that could be indicative of fraud, illegal acts, material errors, defalcations, irregularities or gross violations of the grant agreements and abuse or misuse of State funds.

During completion of the program checklist, no fraud, illegal acts and violations of provisions of contracts or grant agreements and abuse or misuse of state funds were noted.

4. Prepare the City's Schedule of Municipal Grants received during the year ended June 30, 2006.

See Page 3.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the City's compliance with Delaware's laws and regulations, financial reporting and the effectiveness of the internal control structure related to municipal grant funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the City of Seaford's Management and Council Members, Department of Homeland Security, Office of the State Treasurer and Office of Auditor of Accounts, and is not intended to be and should not be used by anyone other than those specified parties. However, under 29 Del. C. §10002(d), this report is a public record and its distribution is not limited.

*Jefferson, Ulan, Doane & Starnes, P.A.*

Georgetown, Delaware  
December 4, 2006

**CITY OF SEAFORD  
SCHEDULE OF MUNICIPAL GRANTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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<u>Grants</u>	<u>Amounts Received</u>
Municipal Street Aid	\$ 192,285.60
Police Pension	116,803.95
State Aid to Local Law Enforcement	15,251.66
Emergency Illegal Drug Enforcement	9,362.35

See independent accountant's report on applying agreed-upon procedures.